



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

March 31, 2009

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To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

SACRAMENTO UPDATE

This memorandum contains an update on the Department of Finance monthly cash report, the pursuit of County positions on bills relating to single use carryout bags and two County Waterworks District items for inclusion in legislation, and the status of County advocacy legislation relating to the Federal Stimulus Plan.

State Budget

The Department of Finance (DOF) released its preliminary State General Fund monthly cash report indicating that February collections are \$898 million below projections for the current fiscal year and year-to-date revenue collections are \$333 below the FY 2009-10 State Budget Act forecast. The lower than anticipated revenues are primarily attributable to declines in the personal income tax (-\$437 million), sales and use tax (-\$334 million), and corporate income tax (-\$138 million). According to the DOF report, the State's economic troubles continue with widespread job losses and a continued drop in new home construction.

Pursuit of County Position on Legislation

AB 1141 (Calderon), as introduced on February 27, 2009, would make various changes to existing law regarding single use carryout bags, including: 1) extending the sunset date which prohibits local governments from imposing a fee on paper and plastic

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carryout bags from 2013 to 2017; 2) prohibiting local governments from banning or restricting plastic and paper carryout bags; 3) redefining reusable bags to include lighter weight plastic carryout bags; 4) directing the California Integrated Waste Management Board (CIWMB) to establish a 50 percent carryout bag waste reduction goal and to work to increase the availability of plastic bag recycling and collection programs throughout the State; 5) requiring plastic bag manufacturers to pay a single use bag extended producer responsibility fee, in an undetermined amount, for each single use carryout bag it sells to a store; and 6) limiting the total fees collected to \$25 million annually and requiring the CIWMB to establish an advisory board to recommend how the fee revenue should be distributed.

In addition, AB 1141 would require: 1) every plastic carryout bag sold or supplied to a store in the State and provided to a consumer to contain specified percentages of recycled material beginning on July 1, 2011, with the amounts increasing in 2013 and 2014; 2) a single use carryout bag provided to a consumer, on and after July 1, 2011, to have printed on it a specified statement concerning recycled content and allow the CIWMB to grant exemptions; 3) plastic bag manufacturers to obtain specified information from suppliers concerning recycled post consumer material and provide information to the CIWMB; and 4) the CIWMB to survey the manufacturers on specified information and provide a report to the Legislature by a specified date.

The Department of Public Works and this office oppose AB 1141 because it would undermine the County's two-year effort to pass single use carryout bag legislation. Opposition to AB 1141 is consistent with existing policy to: 1) sponsor AB 87 (Davis) which establishes a \$0.25 cent single use bag fee; 2) sponsor AB 2829 in the 2007-08 Legislative Session which would have established a \$0.25 cent single use bag fee; 3) oppose legislation which would usurp local authority; and 4) support legislation to repeal the provision in AB 2449 which prohibits local governments from imposing a plastic bag fee. **Therefore, the Sacramento advocates will oppose AB 1141.**

There is no registered support or opposition. This measure is currently awaiting referral to a policy committee.

SB 531 (DeSaulnier), as introduced on February 27, 2009, would make various changes to existing law regarding single use carryout bags, including: 1) extending the sunset date which prohibits local governments from imposing a fee on paper and plastic carryout bags from 2013 to 2018; 2) prohibiting local governments from banning or restricting plastic and paper carryout bags; 3) requiring plastic bag manufacturers to pay the State one-tenth of one cent (\$0.001) for each plastic carryout bag supplied to large supermarkets with a minimum annual gross of \$2 million and retail stores with a

minimum of 10,000 square feet with a pharmacy; and 4) requiring the fees collected to be used for litter abatement activities.

In addition, SB 531 would: 1) provide direct grant funding of \$250,000 or more for litter abatement activities to large cities with a population of 250,000 or more and counties with a population of 1 million or more; 2) distribute the remaining funds on a competitive basis to local governments, non-profit organizations, and private entities; 3) require the CIWMB to develop voluntary best practices to increase plastic carryout bag recycling; and 4) require all reusable bags to be free of lead or any other heavy metals.

The Department of Public Works and this office oppose SB 531 because it would undermine the County's two-year effort to pass single use carryout bag legislation. Opposition to SB 531 is consistent with existing policy to: 1) sponsor AB 87 (Davis) which establishes a single use carryout bag fee; 2) sponsor AB 2829 in the 2007-08 Legislative Session which would have established a single use carryout bag fee; 3) oppose legislation which would usurp local authority; and 4) support legislation to repeal the provision in AB 2449 which prohibits local governments from imposing a plastic bag fee. **Therefore, the Sacramento advocates will oppose SB 531.**

There is no registered support or opposition. This measure is set for hearing on April 20, 2009 in the Senate Environmental Quality Committee.

Pursuit of County Position on Two County Waterworks District Items for Potential Inclusion in the Senate Local Government Committee Bill or Other Legislation

Each year, the Senate Local Government Committee sponsors legislation, which would make relatively minor, non-controversial changes to the laws affecting local agencies' powers and duties. Local officials identify problems with State statutes that affect counties, cities, special districts, and redevelopment agencies, as well as the laws on land-use planning and development. Each item included in the bill is extensively vetted and, if there is an objection, the item is not included in the legislation.

The Department of Public Works (DPW) has identified the need for minor revisions to the Public Contract Code to align the requirements for County Waterworks Districts to contract for non-construction related work with the contracting requirements for County government to perform similar work. According to DPW, existing law is unclear on the requirements for County Waterworks Districts to contract for non-construction related work such as architectural and engineering work, and special services. Special services may include financial, economic, accounting, legal, administrative, or maintenance work associated with the operation of a County Waterworks District. The revisions would clarify that architectural and engineering contracts may be awarded on

the basis of demonstrated competence and professional qualifications and that special services be performed by persons specially trained, experienced, expert and competent. Because the proposal would clarify County Waterworks District contracting requirements for non-construction services related to water conservation, support for this proposal is consistent with Board policy to encourage water conservation and increase the efficiency of water use. Therefore, **the Sacramento advocates will seek to include this item in the Senate Local Government Committee bill or other legislation and support its passage.**

In addition, DPW has identified the need for minor revisions to the Water Code. The amendments would: 1) authorize the governing body of a County Waterworks District (board) to sell water outside the district when it finds the sale of water is for public health, safety, or emergency purposes; 2) permit the board to sell an interest in property or exchange the property when it determines that the property is no longer needed for the use of the district; 3) allow the board to sell property, an interest in the property, exchange property, or lease property to another public agency with an overlapping service or jurisdictional boundary when it has determined that the property is needed for the use of that agency; 4) modify the value of property that may be sold or exchanged without a public auction from the existing level of \$100, which was established in the 1940s, to \$5,000 or less; and 5) increase the threshold amount requiring a public auction for the sale of property, or an interest in a property, to a value of more than \$5,000.

According to DPW, the revisions would allow County Waterworks Districts to sell water outside the district for specified emergency purposes and acquire additional funding or land that would enhance their ability to implement water system facilities and water reliability projects in the District. Because the proposal would allow County Waterworks Districts to advance water reliability projects and water system facility construction, support for the proposal is consistent with Board policy to promote local water reliability and conservation. Therefore, **the Sacramento advocates will seek to include this item in the Senate Local Government Committee bill or other legislation and support its passage.**

Status of County Advocacy Legislation

County-supported SBX3 24 (Alquist), which would suspend Medi-Cal semi-annual reporting and temporarily restore 12-month continuous Medi-Cal eligibility for children under 19 years of age, was signed by the Governor on March 27, 2009. The passage of SBX3 24 will allow the State to qualify for the temporary increase in the Federal Medical Assistance Percentage provided under H.R. 1, the American Recovery and Reinvestment Act.

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County-supported AB 23 (Jones), as amended on February 23, 2009, which would have repealed semi-annual reporting and reinstituted 12-month continuously eligibility for children was amended on March 19, 2009 to delete the Medi-Cal provisions. The bill now proposes to require health plans, employers and insurers to notify beneficiaries that H.R. 1 enhanced the Consolidated Omnibus Budget Reconciliation (COBRA) Act to provide Federal funds to pay 65 percent of the COBRA premium for eligible persons enrolled in a group health insurance plan who lose their job between September 1, 2008 and December 31, 2009. Under current law, COBRA-eligible employees must pay the full amount of the premium to retain enrollment in a health care plan offered by a former employer.

AB 23, as amended on March 19, 2009, has been referred to the Auditor-Controller and Chief Executive Office Employee Relations and Compensation for an analysis to determine potential impact to the County. **Therefore, the Sacramento advocates will remove County support for AB 23 as amended on February 23, 2009 and will not take a position on this measure at this time pending completion of an analysis.**

We will continue to keep you advised.

WTF:GK:MAL
MR:EW:LY:er

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
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